



CONGRESS OF THE UNITED STATES

# *JOINT ECONOMIC COMMITTEE*

CONGRESSMAN JIM SAXTON

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## PRESS RELEASE

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For Immediate Release  
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### **INFLATION TARGETING LEGISLATION INTRODUCED BY SAXTON**

Press Release #109-3  
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**WASHINGTON, D.C.** – Today Congressman Jim Saxton introduced legislation requiring the use of inflation targets by the Federal Reserve in its conduct of monetary policy. Separately, the Federal Reserve reportedly will address the issue of inflation targeting in its discussions on monetary policy to be held today and tomorrow. Under inflation targeting, the Federal Reserve would conduct monetary policy so as to keep increases in a selected price index within a certain range, for example, between one and three percent. Inflation targets are used by many major central banks around the world.

Saxton's bill encourages inflation targets, but gives the Fed broad latitude to choose the target range, applicable time period, and measure of price changes. Saxton's bill is designed to be, as one expert stated, "super-flexible," so that the Fed could respond, if necessary, to a wide variety of contingencies. Saxton is a long-time supporter of inflation targeting and has previously introduced legislation to implement it.

"Support for inflation targeting has been growing amongst academic experts and central bankers," Saxton said. "The recent Federal Reserve policy of informal inflation targeting has been very successful in keeping inflation and interest rates relatively low. What is needed is an approach that will cement the gains of current policy. The Federal Reserve's internal discussion of inflation targeting is encouraging, and I hope that it leads to an eventual movement in the direction of a more explicit inflation targeting policy," Saxton concluded.

For more information on inflation targeting, please visit our website at [www.house.gov/jec](http://www.house.gov/jec)

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